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Reach Energy eyes RM750m from IPO

> Set to become the largest SPAC in the O&G sector to be listed on Bursa Malaysia

PETALING JAYA: Reach Energy Bhd, the fourth oil and gas (O&G) special purpose acquisition company (SPAC) to be listed, aims to raise RM750 million from a listing on the Main Market of Bursa Malaysia.

It obtained approval from the Securities Commission Malaysia (SC) for its listing exercise last Thursday.

Reach Energy's initial public offering (IPO) exercise provides an issue price of 75 sen per public issue share which comprises: 980 million public issue shares together with 980 million Warrants on the basis of one warrant for every one public issue share subscribed by way of placement to selected investors and 20 million public issue shares together with 20 million warrants on the basis of one warrant for every one public issue share subscribed available for application by the Malaysian public.

The company said in a statement last Friday that it expects to complete the flotation exercise by the third quarter of 2014.

Hong Leong Investment Bank Bhd is the principal adviser, placement agent and underwriter for the SPAC's exercise.

Reach Energy will be the largest SPAC to be listed on Bursa Malaysia to date, going by the quantum it looks to raise, after Hibiscus Petroleum Bhd, CLIQ Energy Bhd and Sona Petroleum Bhd.

Its IPO has been approved by the SC's Shariah Advisory Council.

According to its listing plan, 94.75% of the proceeds raised from the IPO has been earmarked for the acquisition of target assets and/or the company while the remaining 5.25% is for working capital and listing expenses.

Reach Energy managing

director Shahul Hamid Mohd Ismail said it is a good time to venture into the core exploration and production (E&P) activities of the O&G industry due to the favourable environment and market conditions in the midst of the industry liberalisation.

Shahul Hamid has 34 years of experience in the oil & gas industry spanning the entire hydrocarbon value chain. He has been intimately involved in many greenfield and brownfield developments including sourcing, evaluating, developing and operationalising oil and gas assets during his long career with Esso and Shell in many senior E&P roles. He was also the first Malaysian managing director of Shell Refining Co (Federation of Malaya) Bhd.

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